USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 9/16/2011
GAIN Report Number: IN1189

India

Tree Nuts Annual

2011

Approved By:
David Leishman

Prepared By:
Amit Aradhey

Report Highlights:
India's almond imports for the 2011/12 (August/July) marketing year are forecast to reach a record 65,000 tons (in-shell basis), with continuing strong demand for California almonds. Indian walnut production for MY 2011/12 (August/July) is forecast at 45,000 tons (kernel weight basis), up 50 percent over the previous year. Rising international demand for walnuts will likely push Indian walnut exports to a record 28,000 tons in MY 2011/12, up 115 percent from last year.

Commodities:

Almonds, Shelled Basis

Production:

Assuming normal weather conditions, India's almond production for Marketing Year 2011/12 (August/July) is forecast at 1,100 tons (kernel weight basis), down 8 percent from the previous year. Indian almonds yields are typically low, ranging from 1,000-1,500 nuts/tree/year. Shelling rates also vary from 20 to 30 percent for hard shell varieties to about 40 percent for thin-shelled varieties.

Consumption:

Given steady growth in domestic demand, Indian almond consumption for 2010/11 is estimated at 58,000 tons, up from 48,000 tons in the previous year. Assuming competitive prices and normal availability, Indian almond consumption for 2011/12 is forecast to reach 65,000 tons.

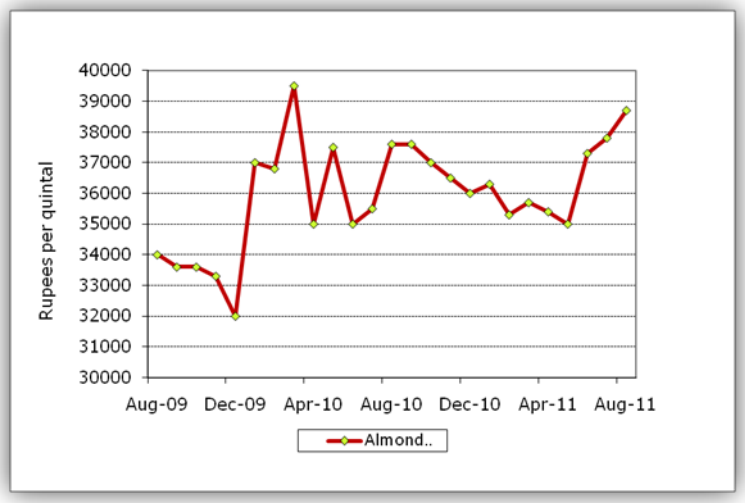
Almonds are an integral part of the Indian culture, and continue to be one of the most preferred nuts in India. With increased willingness to try new varieties other than the traditional non-pareil, Indian consumers are buying almonds from different origins. Over the last few years, competitive prices (vis-à-vis other nuts), growing demand for confectionary, snack and health products, and an increasing awareness of the nutritional and health properties of almonds have driven consumer demand, particularly with the growing middle class. However, concerns over rising food inflation could affect sales during the Deepawli festive season, which traditionally is a period of peak sales.

Almonds are widely perceived to be a "high energy food," especially recommended for children, athletes and recovering patients. Consumers have indicated a preference for Californian non-pareil almond variety due to price (Table 4), size, uniform 'eye' shape and sweetness. Australian non-pareil and carmel varieties also account for a growing segment of the market. Iranian varieties like Mamra/Qumi (an Iranian variety) are preferred in regions of western and northwest India (e.g. Rajasthan and Gujarat), often commanding a higher price premium.

Prices

Tight stocks and holiday demand have kept Indian domestic almond prices firm during first quarter of 2010/11. Increasing supplies have helped contain rising prices in the second and third quarter of 2010/11 (Chart 1); however almond prices are increasing again in the last quarter, reflecting increasing demand during the festive season (September, 2011 –January, 2012).

Chart 1: Average Wholesale Prices of Almonds (shelled) in Delhi Wholesale Market



Source: Industry and trade sources

Trade:

India's almond imports for 2010/11 are estimated at 60,000 tons (in-shell basis), up 29 percent over the previous year. Assuming normal weather and stable exchange rates, Indian almond imports in 2011/12 are forecast to grow by 5,000 tons to 65,000 tons. Trade data for the first five months of 2010/11 (Table 5) indicate increasing imports of U.S. almonds, while import growth from other countries like Australia, Afghanistan, Syria, Iran, and China have slowed. Imports from the U.S. and Australia are mostly in-shell non-pareil, carmel and other varieties that are shelled locally. Imports from other origins are mostly shelled almonds. In India, most almonds are sold by weight in loose form. Only about 5 percent of almond retail sales are in package form.

Policy:

Trade Policy & Marketing Opportunities

While there are no quantitative restrictions on imports, U.S almonds face a Rs 35/kg tariff for inshell almonds and a Rs. 66.95/kg for shelled almonds (Table 9). India's Plant Quarantine Order 2003 and as amended in 2006 requires an official phytosanitary certificate and phosphine fumigation at origin.

India is the fourth largest export market for California almonds (after Spain, China and Germany). As more consumers become aware of health benefits of almonds, there are increasing opportunities for market development in southern and eastern India.

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Almonds, Shelled Basis, PSD

Almonds, Shelled Basis, India	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	19,000	19,000	0	19,000		19,000	(HA)
Area Harvested	17,000	17,000	0	17,000		17,000	(HA)
Bearing Trees	1,150	1,150	0	1,160		1,160	(1000 TREES)
Non-Bearing Trees	210	210	0	200		200	(1000 TREES)
Total Trees	1,360	1,360	0	1,360		1,360	(1000 TREES)
Beginning Stocks	0	12,275	0	11,933		15,133	(MT)
Production	1,200	1,100	1,000	1,200		1,100	(MT)
Imports	42,100	46,558	50,000	60,000		65,000	(MT)
Total Supply	43,300	59,933	51,000	73,133		81,233	(MT)
Exports	0	0	0	0		0	(MT)
Domestic Consumption	43,300	48,000	51,000	58,000		65,000	(MT)
Ending Stocks	0	11,933	0	15,133		16,233	(MT)
Total Distribution	43,300	59,933	51,000	73,133		81,233	(MT)
TS=TD		0		0		0	

Commodities:

Walnuts, Inshell Basis

Production:

Indian walnut production has reached a peak in the production cycle. Assuming normal weather conditions, walnut production is expected to reach a record 45,000 tons (in shell basis) in 2011/12 (August/July), a 50 percent increase from the last year. However, adverse weather conditions could always lower the crop estimate by 5 to 20 percent, as reflected in last year's (2010/11) production. A combination of heavy rains during the peak flowering phase coupled with abnormal weather conditions through August, 2010, reduced production by about 30,000 tons.

India's walnut production areas are concentrated in Jammu and Kashmir, and to a lesser extent in Himachal Pradesh, Uttarakhand and the Northeast. A lack of high yielding varieties, long gestation periods, poor orchard management, and uneven yields (estimated at 18-50 kg /tree /year with nut sizes varying from 24-32 mm) have kept walnut production almost stagnant. Better revenues from apples and fresh fruit orchards have limited the development of additional cultivation area for walnuts. Indian walnuts are classified as hard, medium or thin shell (kaghazi) and the average shelling rate is approximately 40 percent. The typical harvest season runs from the end of August through September, with market arrivals peaking in late October.

Consumption:

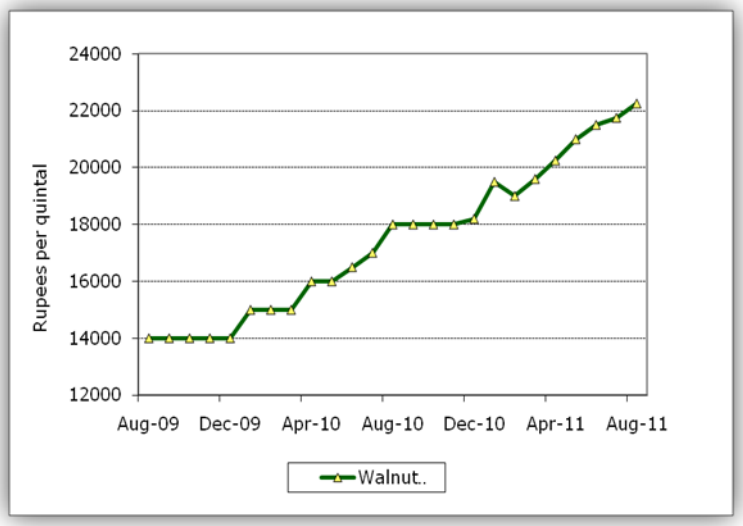
Walnut consumption in 2010/11 is estimated at 16,000 tons, slightly lower than expected; as more production was diverted to export. Assuming stable supplies and prices, consumption in 2011/12 is forecast at 18,000 tons. Normally 40 to 50 percent of Indian walnut production is consumed domestically, of which nearly half is consumed during the festive season (September-January). An estimated 10 percent of domestic consumption goes to the bakery, confectionary and ice-cream industries. Roughly 2 to 3 percent of walnuts (typically nuts that are already rancid) are used for oil extraction by soap and cosmetic manufacturers.

Typically, walnuts are consumed domestically in raw form for snacking purposes. A growing awareness of the health benefits of walnuts, along with a wider use of attractive consumer packaging (vacuum packs), has prompted Indian consumers to buy walnuts year round. Major processing facilities for shelling and packing walnuts are located in State of Jammu and Kashmir.

Prices

The domestic prices of walnuts during the festive season (September, 2010 to January, 2011) were relatively flat, but up 32 percent compared to corresponding period last year (Chart 2). Strong export demand coupled with short domestic supply kept walnut prices firm during latter part of 2010/11.

Chart 2: Average Wholesale Prices of Walnuts (In shell) in Delhi Wholesale Market



Source: Industry and trade sources

Trade:

Indian walnut exports are forecast to reach 28,000 tons in 2011/12 as domestic supplies will be sufficient to meet both export and domestic demand. Despite a short crop in 2010/11, strong international demand from Europe, Egypt, Greece, China, the U.S, Kuwait, Australia, and United Arab Emirates (Table 8) pushed up Indian walnut exports to 13,000 tons. More than 95 percent of Indian walnuts are exported as kernels (40 percent light halves; 40 percent amber halves/light broken; and the balance as amber halves) in vacuum packs. Market sources report that the U.S. (California), Mexico, Ukraine, Chile and China are the major competitors to the Indian walnuts in the EU.

Policy:

Walnuts are imported into India without quantitative restrictions under the Open General License (OGL). Imports are subject to an effective import duty of 30.9 percent (see tariff table 9) except for imports originating from the South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan. Given a strong domestic production and relatively high tariffs, there are only limited opportunities for importing walnuts.

Production, Supply and Demand Data Statistics:

Table 2: Commodity, Walnut, Inshelled Basis, PSD

Walnuts, Inshell Basis, India	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	36,600	36,000	0	36,600		36,600	(HA)
Area Harvested	30,800	30,800	0	30,800		31,000	(HA)
Bearing Trees	1,400	1,380	0	1,400		1,400	(1000 TREES)
Non-Bearing Trees	200	220	0	200		200	(1000 TREES)
Total Trees	1,600	1,600	0	1,600		1,600	(1000 TREES)
Beginning Stocks	3,850	3,850	1,850	1,225		2,145	(MT)
Production	37,000	36,000	40,000	30,000		45,000	(MT)
Imports	0	0	0	100		0	(MT)
Total Supply	40,850	39,850	41,850	31,325		47,145	(MT)
Exports	22,500	22,125	25,000	13,180		28,000	(MT)
Domestic Consumption	16,500	16,500	16,500	16,000		18,000	(MT)
Ending Stocks	1,850	1,225	350	2,145		1,145	(MT)
Total Distribution	40,850	39,850	41,850	31,325		47,145	(MT)
TS=TD		0		0		0	

Author Defined:

Table 3: Commodity, Almond, Prices Table

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	per uom	100 Kg
Year	2010	2011	% Change
Jan	37000	36300	-2
Feb	36800	35300	-4
Mar	39500	35700	-10
Apr	35000	35400	1
May	37500	35000	-7
Jun	35000	37300	7
Jul	35500	37800	6
Aug	37000	38700	5
Sep	37600		
Oct	37000		
Nov	36500		
Dec	36000		
Exchange Rate	Rs 48.32	Local Currency/US $	
Date of Quote	9/10/2010	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market).

Table 4: Wholesale Almond Kernel Prices (Rs/Kg), Delhi Market

Type (Origin)	**MY 2010/11**	**MY 2009/10**	**MY 2008/09**
California almonds	**350-390**	**310-370**	**325-350**
Mamra Almonds (Iran)	650-1050	800-1100	1000-1200
Qumi Almonds (Iran)	350-450	500-550	400-500
Gulbandi Almonds (Afghan)	250-300	350	375-425

Source: Trade sources

Table 5: Commodity, Almond, Import Trade Matrix

Import Trade Matrix			
Country	India		
Commodity	Almonds, Shelled Basis		
Time Period	Aug/July	Units:	Metric Tons
Imports for:	2009		2010
U.S.A	38,151	U.S.A	35,573
'Others'		'Others'	
Australia	4,155	Australia	2,442
Afghanistan	1,920	Afghanistan	753
Syria	905	Iran	694
Iran	697	China	347
China	403	Syria	238
Total for 'Others'	8,080		4,474
Others not Listed	327		119
Grand Total	46,558		40,166

Source: Estimates derived from official GOI sources (2009/10), trade sources (2010/11) and California Almond Board Statistics (2009/10 and 2010/11). Please note that trade data for 2010 are only for the period (September, 2010 through January 2011) for which data was available.

Table 6: Commodity, Walnut, Price Table

Prices Table			
Country	India		
Commodity	Walnuts, Inshell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2010	2011	% Change
Jan	15000	19000	27
Feb	15000	19600	31
Mar	15000	20250	35
Apr	16000	21000	31
May	16000	21500	34
Jun	16500	21750	32
Jul	17000	22250	31
Aug	18000	23500	31
Sep	18000		
Oct	18000		
Nov	18200		
Dec	19500		
Exchange Rate	Rs 48.32	Local Currency/US $	
Date of Quote	9/10/2010	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market).

Table 7: Walnut Prices

PRICE	**UNITS**	**2010/11**	**2009/10**	**2008/09**
Wholesale Price of FAQ Walnut in Kashmir	(Rs/Kg)	80-150	75-50	40-80
Export Price (C&F Europe)				
1. Light Halves	US$/MT	7500-11000	6000-8700	4500-8000
2. Light Broken/Amber Halves	US$/MT	6800-10000	4300-6500	3000-6000
3. Amber Broken	US$/MT	6000-9300	2800-5000	2200-5000

Source: Market Sources

Table 8: Commodity, Walnut, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Walnuts, In Shell Basis		
Time Period	April-March	Units:	Metric Tons
Exports for:	2009		**2010**
U.S.A	180	U.S.A	321
Spain	2330	France	1,504
Egypt	2260	Netherlands	1,374
China	2223	Spain	1,372
United Kingdom	2207	Germany	1,368
France	2138	Egypt	1,342
Germany	1755	United Kingdom	1,006
Netherlands	1319	Greece	424
Greece	983	China	390
United Arab Emirates	845	Denmark	355
Hong Kong	843	Kuwait	325
Kuwait	538	Australia	296
Italy	450	United Arab Emirates	273
Total for 'Others'	17,889		10,028
Others not Listed	4,058		2,831
Grand Total	22,127		13,180

Note: MY 2009 refers to Indian Fiscal Year (IFY) 2009/10 (April-March) as most exports happen during October through March.

Source: MY 2009 - Export figures from DGCIS, Ministry of Commerce.
MY 2010 - Provisional Trade Estimates

Table 9: Almond and Walnut Tariffs

Commodity Code	**Description**	**Import Policy**	**Basic Duty/2**	**Education Cess**	**Total Applicable Duty /5**
HC 0802.11	Almonds Inshell	OGL /1	Rs 35/kg	Exempted /3	Rs 35/kg
HC 0802.12	Almond Kernel	OGL /1	Rs 65/kg	2+1%	Rs. 66.95/kg
HC 0802.31	Walnut Inshell	OGL /1	30/20% /4	2+1%	30.9/20.6% /4
HC 0802.32	Walnut Shelled	OGL /1	30/20% /4	2+1%	30.9/20.6% /4

Notes on Tariff:

/1: OGL (Open General License) – no quantitative restrictions.

/2: Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

/3: Almonds in-shell are exempted from the education cess.

/4: Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

/5: Method for computing Total applicable duty:

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * A

C: Education Cess (EC) = EC Rate * B

Total Applicable Duty = B+C